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**SENT VIA FEDERAL EXPRESS**

March 7, 2008

Fred Bertetta, Jr.  
Olympian, JV  
260 Michelle Court  
South San Francisco, CA 94080

Daniel Trump  
Trump, Alioto, Trump & Prescott  
2280 Union Street  
San Francisco, CA 94123

**Re: Nella Oil Company: Notice of Claim to Olympian, a California Joint Venture  
Yosemite Creek Superfund Site, San Francisco, California**

Dear Mr. Bertetta and Mr. Trump:

Nella Oil Company ("Nella") has received a Notice of Potential Liability ("Notice") from the U.S. Environmental Protection Agency ("EPA") regarding Yosemite Creek in San Francisco. The basis of the liability arises under circumstances, which as explained below, entitle Nella to indemnity and a defense from Olympian, a California joint venture ("Olympian").

The EPA's Notice, a copy of which is enclosed with this letter, states that certain contaminants have been found in Yosemite Creek near the intersection of Yosemite Avenue and Hawes Street in San Francisco. The alleged source of those contaminants is the former Bay Area Drum ("BAD") site at 1212 Thomas Avenue. Apparently, beginning in 1987, BAD and a number of other "Potential Responsible Parties" ("PRPs") contributed to the clean-up of the BAD site pursuant to an order from the California Department of Toxic Substances Control. Olympian is listed as one of the PRPs on that clean-up effort.

That original clean-up effort did not address the possibility of contaminants from the BAD site flowing into Yosemite Creek. Since contaminants allegedly from the BAD site have now been found, the EPA is requiring the PRPs from the previous clean-up effort to clean-up the contaminated portion of Yosemite Creek. The EPA suggests that the PRPs get together and form a PRP "Steering Committee" to coordinate the clean-up effort. The EPA has given the PRPs thirty days from the date it was received to respond to the notice (see page 3 of Notice). Nella received the Notice by mail on February 28, 2008.

Nella is entitled to indemnity and a defense from Olympian in this matter under the Asset Purchase and Sale Agreement between Nella and Olympian. Section 6.1(c) of that agreement

obligates Olympian to indemnify and hold Nella harmless from and against all obligations, liabilities, claims, losses, debts, obligations, liabilities, etc. incurred by Nella arising after the closing, including:

(c) Environmental Claims. Any and all obligations, liabilities, claims, including administrative claims, liens, damages or encumbrances, whether direct, contingent, or consequential and no matter how arising or accruing, which directly or indirectly arise out of the use, generation, storage, or disposal of Hazardous Substances by Seller, any prior owner or operator of the Real Property or any third party prior to Closing; and includes (i) the cost of any required or necessary repair, clean-up, remediation, removal, or detoxification...

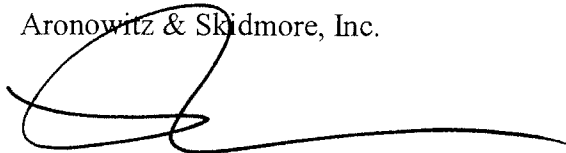
Please note that the four year time limit on Olympian's indemnity liability provided for in Section 6.3(b) is, by its terms, not applicable to claims resulting from an Environmental indemnity.

As stated by the EPA, the contaminates to be clean-up related back to activities before 1987 and therefore well before the Closing date on the sale of the property by Olympian to Nella. Further, this matter primarily concerns the cost of clean-up of hazardous materials for which the State of California has previously determined is related to activities by Olympian. That being the case, under the terms of the Asset Purchase and Sale Agreement between Olympian and Nella, Olympian is required to indemnify and hold Nella harmless on this matter.

Nella hereby tenders this matter with the EPA related to the Yosemite Creek Superfund Site to Olympian to indemnify and defend Nella in this matter. The EPA has given the PRPs thirty days to meet with each other and create a Steering Committee for the clean-up project and therefore time is of the essence in this matter. Please inform us as soon as possible whether Olympian will accept this tender and provide the indemnity and defense of this matter. Also, we ask that you please copy us on all correspondence between yourself and the other PRPs and/or the EPA. Please contact us if you have any questions or would like to discuss this matter further.

Sincerely yours

Aronowitz & Skidmore, Inc.



Paul S. Aronowitz

PSA\sar

Encls.

cc: Rick Teske (by mail w/o attachments)

✓ EPA (by mail w/o attachments)